

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2001-410-G - ORDER NO. 2009-37

FEBRUARY 11, 2009

IN RE: Application of Piedmont Natural Gas Company, Inc. for Expedited Approval of Authority to Implement an Experimental Natural Gas Hedging Program.	) ORDER APPROVING ) MODIFICATION TO THE ) APPROVED ) EXPERIMENTAL ) NATURAL GAS ) HEDGING PROGRAM
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This matter comes before the Public Service Commission of South Carolina (“Commission”) on the request of Piedmont Natural Gas Company, Inc. (“Piedmont”) for authority to modify its approved Experimental Natural Gas Hedging Program (“the Plan”), approved in Order No. 2002-223, to reduce the Plan’s hedging horizon from 24 months to 12 months. Under the proposed modification to the Plan, Piedmont would be required to hedge gas costs out to a period of 12 months in advance of the current period under the mandatory provisions of the Plan rather than the 24 months hedging period required under the original Plan.

In support of its request, Piedmont submits that the current volatility in the natural gas commodities and futures markets, the substantial increases in carrying costs of long-term hedges, and the increase in hedging costs relative to the protection received all have made hedges of longer than 12 months less beneficial to Piedmont’s customers. Piedmont therefore believes that its customers would be better served by the proposed

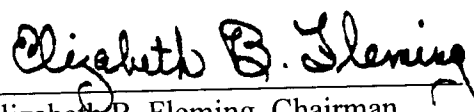
reduction in the horizon for mandatory hedging activities. Piedmont's Energy Risk Management Committee has approved the proposed reduction in hedging horizon.

Piedmont requests that approval for such plan modification to be effective for hedges entered into on and after December 1, 2008. In a letter filed on December 2, 2008, the Office of Regulatory Staff indicated that it did not oppose Piedmont's request.

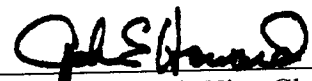
We have reviewed Piedmont's request to reduce the horizon for mandatory hedging activities from 24 months to 12 months, and find that such a reduction is in the public interest. Accordingly, we grant Piedmont's request. The reduction in horizon for mandatory hedging activities is reduced from 24 months to 12 months for all hedges entered into on or after December 1, 2008, as requested.

This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:

  
Elizabeth B. Fleming, Chairman

ATTEST:

  
John E. Howard, Vice Chairman

(SEAL)